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C O N F I D E N T I A L SEOUL 002340

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SUBJECT: PRESIDENT LEE UNPOPULAR, OPPOSITION EVEN MORE SO

Classified By: POL Joseph Y. Yun. Reasons 1.4 (b,d).

¶11. (C) Summary: President Lee Myung-bak is suffering from entrenched low popularity that is affecting his ability to govern effectively. Even some Blue House insiders worry that if he does not turn things around in 2009, he could spend the remainder of his term powerless, overshadowed by jockeying for the local elections in 2010 and the National Assembly elections in 2012. A possible fix is an alliance with Park Geun-hye, but most observers believe this is unlikely given Lee's unwillingness to help Park in any way. More likely is a cabinet reshuffle to try to boost his sagging popularity, stuck at historically low levels for a president in his first year. Lee's low ratings are eclipsed only by the even more negative ratings of the opposition Democratic Party, leaving him some room to hope that people may support him again if they continue to feel there is no other option. End Summary

Polling - GNP More Popular than MB

¶12. (C) A KSOI poll on November 26 pegged President Lee's approval rating at 23.7 percent, 8.6 percent lower than that for the ruling GNP (32.2 percent). Both Lee and the GNP's popularity dipped during the May and June anti-U.S. beef demonstrations but the GNP has recovered most of its support while Lee has not. Most attribute the GNP's recovery to the surging popularity of Park Geun-hye, head of a large faction of GNP lawmakers and a likely candidate for president in 2012. It is also clear that President Lee's continued refusal to work with Park Geun-hye has damaged him, because the public largely blames the Blue House for the economic crisis and other policy failures. For example, the South Korean media has had a field day contrasting the Lee-Park standoff with President-elect Obama's nomination of Senator Clinton to be the next Secretary of State.

¶13. (C) Less than a year after taking office, Lee Myung-bak faces an entrenched disenchantment among the Korean public, with his support hovering around 25 percent in all polls throughout the fall. He will, therefore, find it difficult to obtain needed popular support for initiatives promised during the campaign. Even the conservative Chosun Ilbo's most influential columnist railed against the incompetence of the president and his advisors in a December 1 column. Some from Lee's core ideological support group, the New Right, composed of former activists who played a key role in forming Lee's centrist Grand National Party (GNP) platform in 2007, also appear to be distancing themselves from him. At a

recent seminar held by a prominent New Right think tank, the main speaker exhorted those who had supported Lee during the campaign not to be "yes men" just because they entered the National Assembly or the Blue House but to continue to push new policies to help Korea overcome the financial crisis.

Budget Fights Now

¶4. (C) The National Assembly is currently dominated by budget deliberations, which, according to the Constitution, should be passed by December 2 to allow 30 days for monies to be allocated accordingly. This year marks the sixth straight year the constitutionally mandated deadline has been ignored.

Due to pressure from the public, sources report that the budget should pass sometime this week. Once the budget fights are over, a special session is likely to be opened that would last until January 10 to discuss outstanding bills such as the FTA and several economic measures to mollify those who have criticized the National Assembly for not working to help Korea deal with the current economic crisis.

Cabinet Shuffle Later?

¶5. (C) Our National Assembly contacts report that because they will be preoccupied with the budget in December -- and the Assembly could be out of session much of January -- the most likely time for a cabinet reshuffle is February. At that time, President Lee could claim that he was changing the cabinet after one year in office, which is close to the average length of tenure for ROK ministers, and not due to his low popularity. Confirmation hearings are required so it would be easier to hold these in February or March. Our contacts speculate that Lee will try to bring in some of his campaign aides who are now in the Assembly, which could be quite controversial.

¶6. (C) Cabinet posts most likely to be changed are Unification, Culture, Finance, and the NIS. There are also rumors that FM Yu Myung-hwan could be on his way out with GNP Rep. Park Jin the most often named possible successor. Outside the cabinet, our Blue House sources note that a shake-up in their organization is also likely. Many pundits think that the Blue House should be strengthened with a more powerful Chief of Staff than the incumbent Jung Jung-gil, who is said to manage with a "shadow" style, always on the edge of action, listening but not dominating meetings. One candidate for this job is Kwon Hyun-chul, the current Ambassador to Japan. There is also speculation that Ambassador Lee Tae-sik could be replaced with VFM Kwon Jong-rak, former NSA Kim Byung-kook or Korea Foundation head Yim Sung-joon.

Opposition Democratic Party Still Adrift

¶7. (C) Korean politics is not a zero-sum game, because the opposition Democratic Party is doing even worse than President Lee and the GNP. According to a recent poll by Joongang Ilbo to explain why the DP was so unpopular, 29.5 percent of respondents attributed their dissatisfaction to the party's blind opposition to President Lee and his initiatives. 24.9 percent said they thought the DP lacked leadership and 12.1 percent cited the lack of "star politicians" in the party. Other pundits note that hugely unpopular former President Roh Moo-hyun's frequent appearances in the press strengthens the image that the DP is still Roh's party. Facing these negatives, our contacts note that it could take years for the DP to remake its image and to receive anything more than the current dismal 15 percent support rating.

Comment

18. (C) Presidency has always been a strong leadership institution in Korea, much more powerful than the National Assembly. Right now, with a comfortable majority in the Assembly, Lee Myung-bak should be able to exercise considerable authority. He should be able to rally his political forces to push through key conservative agenda, which include the reform of the media, privatization of public companies, deregulations of factories in the capital area, and other conservative legislation. However, this is not the case. Instead, Lee is caught in the web of dismal polls, blamed for poor appointments, worsening economic conditions, deteriorating North-South relations, and, above all, for lack of leadership.

19. (C) What can Lee do to improve his domestic position? Practically, he has to forge an alliance or at least an understanding with Park Geun-hye, his 2007 GNP rival for the presidency. An alliance with Park, for example, by making her prime minister, will energize the Administration, but, more important, show the public that Lee is capable of burying the past to provide the necessary leadership. However, this is unlikely because President Lee's dislike of Park is such that he simply cannot forget the past. A more likely course of action is some changes to his cabinet to give a sense of a fresh start, which should go some ways in mollifying that public, because some, like Finance Minister Kang Man-soo, are even more unpopular than President Lee.

STEPHENS